

**Reports of Independent
Certified Public Accountants
Required by Statutes**

Audit Comments

MOSS-ADAMS LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON THE CITY'S COMPLIANCE AND CERTAIN ITEMS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH FEDERAL AND OREGON AUDITING STANDARDS

December 17, 2003

To the Honorable Mayor and Members of the City Council
City of Springfield, Oregon

We have audited the financial statements of the City of Springfield, Oregon as of and for the year ended June 30, 2003, and have issued our report thereon dated December 17, 2003. We did not audit the financial statements of the Hospital Facilities Authority of the City of Springfield, Oregon, a discretely presented component unit. We conducted our audit in accordance with generally accepted auditing standards and the provisions of the Minimum Standards for Audits of Oregon Municipal Corporations, prescribed by the Secretary of State, and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations, contracts and grants applicable to the City of Springfield, Oregon is the responsibility of the City's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts and grants. However, our objective was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion. Certain areas covered, are required by Oregon Administrative Rules 162-10-230 through 162-10-320, included but were not limited to the following:

Accounting and Internal Control Structure - Our report on the accounting and internal control structure is presented separately under this cover.

Programs Funded from Outside Sources - Reports related to such programs are presented separately under this cover.

Financial Reporting Requirements - Whether financial reports and related data filed with other governmental agencies in conjunction with programs funded wholly or partially by such agencies were in agreement with or supported by the accounting records.

Compliance with Legal or Other Requirements:

Collateral - Pertaining to the amount and adequacy of collateral pledged by depositories to secure the deposit of public funds (see requirements for public fund deposits as specified in Oregon Revised Statutes (ORS 295))

Indebtedness - Relating to debt and the limitation on the debt amount, liquidation of debt within the prescribed period of time, and compliance with provisions of indentures or agreements, including restrictions on the use of monies available to retire indebtedness

Budget - Relating to the preparation, adoption and execution of the annual budget for the current fiscal year and the preparation and adoption of the budget for the next succeeding fiscal year (see ORS 294.305 to 294.565)

Taxes on Motor Vehicle Use and Fuel and the use of a Road Fund - Pertaining to (as contained in Article IX, Section 3a of the Oregon constitution) the use of revenue from taxes on motor vehicle use and fuel and the use of a road fund (as contained in ORS 294 and 373)

Insurance - Relating to insurance and fidelity bond coverage

Investments - Pertaining to the investment of public funds (see ORS Chapter 294.035 to 294.046)

Public Contracts and Purchasing - Pertaining to (as contained in ORS Chapter 279) the awarding of public contracts and the construction of public improvements

The results of our tests indicate that, with respect to the items tested, the City of Springfield, Oregon complied, in all material respects, with the provisions referred to above.

This report is intended solely for the information of the Honorable Mayor, City Council, management of the City of Springfield, Oregon, federal awarding agencies and the Secretary of State, Division of Audits, of the State of Oregon. However, this report is a matter of public record and its distribution not limited.

A handwritten signature in cursive script, reading "Jessie Bridgham".

Jessie Bridgham, Partner
For Moss Adams LLP
Certified Public Accountants

Governmental Auditing Standards

MOSS ADAMS LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON THE CITY'S COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

December 17, 2003

To the Honorable Mayor and Members of the City Council City
of Springfield, Oregon

We have audited the financial statements of the City of Springfield, Oregon (the City), as of and for the year ended June 30, 2003, and have issued our report thereon dated December 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Honorable Mayor, management of the City of Springfield, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, reading "Jessie Bridgham". The signature is written in a cursive style with a large, looping initial "J".

Jessie Bridgham, Partner, for
Moss Adams LLP
Certified Public Accountants

**OMB Circular A-133
(Single Audit) Report**

MOSS ADAMS LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON THE CITY'S COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 17, 2003

To the Honorable Mayor and Members of the City Council City
of Springfield, Oregon

Compliance

We have audited the compliance of the City of Springfield, Oregon (the City), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2003. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Honorable Mayor, management of the City of Springfield, City Council, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, reading "Jessie Bridgham".

Jessie Bridgham, Partner, for
Moss Adams LLP
Certified Public Accountants

**CITY OF SPRINGFIELD
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2003**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting

- Material weakness(es) identified? ☒ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☒ yes ☒ no
- Reportable condition(s) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? ☒ yes ☒ no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>
14.228	HUD CDBG Grant
14.239	HUD Home Grant

Dollar threshold used to distinguish between type A and type B programs: \$ 300,000

Auditee qualified as low-risk auditee? ☒ yes ☐ no

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported

CITY OF SPRINGFIELD, OREGON

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For The Year Ended June 30, 2003

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Grant Number or Pass-Through Entity Identifying Number	Federal Expenditures in Fiscal Year 2002-2003
U.S. Department of Justice			
Bulletproof Vest Partnership Program	16.607		\$ 1,618
Domestic Preparedness EQ Support Pgm	16.607		15,581
Stop Violence Against Women	16.588		12,322
2002 Local Law Enforcement Block Grant	16.592		32,156
COPS School Resource Officer	16.710	1999SHWX0530	83,336
Total U.S. Department of Justice			<u>145,014</u>
U.S. Department of Education			
Office of Elementary and Secondary Education			
Passed through Springfield School District 19			
Safe Schools Program	84.184L	S184L990228	<u>71,664</u>
U.S. Department of Housing and Urban Development			
HUD HOME Grant	14.239		262,298
HUD HOME Grant Program Income	14.239		356,962
Community Development Block Grant	14.218		766,686
Community Development Block Grant Program Income	14.218		89,984
Total U.S. Department of Housing and Urban Development			<u>1,475,930</u>
U.S. Department of the Interior			
Passed through State of Oregon Historical Preservation Office			
Historic Preservation Fund	15.904	HPF 0128, 0222	<u>5,288</u>
U.S. Department of Transportation			
Federal Transit Administration			
Transit Planning and Research			
Passed through Lane Transit District			
Bus Rapid Transit	20.514		21,314
State and Community Highway Safety			
Passed through Oregon Association Chiefs of Police			
Safety Belt and DUII	20.660		8,520
Highway Planning and Construction			
Passed through Oregon Department of Transportation	20.205	16982	<u>17,996</u>
42nd Street Bike Path			
Total U.S. Department of Transportation			<u>47,830</u>
Total Expenditures of Federal Awards			<u>\$ 1,745,726</u>

City of Springfield, Oregon

NOTES TO THE SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

June 30, 2003

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

NOTE B – LOANS RECEIVABLE OUTSTANDING

The City had the following loan balances outstanding at June 30, 2003.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amount Outstanding</u>
Community Development Block Grant	14.218	\$1,424,783
Hud HOME Grant	14.239	<u>1,866,226</u>
		<u>\$3,291,009</u>

NOTE C – LOANS PAYABLE OUTSTANDING

As of June 30, 2003 the City did not have any loan balances outstanding included in the Schedule of Expenditures of Federal Awards.